



General Guide for Dissolving A California Nonprofit Corporation

A California nonprofit corporation that decides to wind up operations must take certain steps to dissolve and distribute any remaining assets.

These steps apply after the nonprofit corporation's board of directors or its membership votes to cease operations but before any remaining assets are distributed.

The process for winding up the nonprofit corporation involves the California Attorney General's Office, Secretary of State and State Franchise Tax Board.

Here are the basic steps to follow to dissolve a California nonprofit corporation.

THIS GUIDE APPLIES TO:

Public Benefit Corporations

subject to Corporations Code sections 6611, 6615 and 6716(c)

Mutual Benefit Corporations

subject to Corporations Code sections 8611, 8615 and 8716

Religious Corporations

subject to Corporations Code sections 6611, 6615 and 9680

1 VOTE BY NONPROFIT BOARD OR MAJORITY OF CORPORATION'S MEMBERSHIP TO DISSOLVE AND OBTAIN CERTIFICATE OF ELECTION TO WIND UP AND DISSOLVE AND/OR A CERTIFICATE OF DISSOLUTION

The election to wind up and dissolve must be recorded in a certificate format specified by the Secretary of State. Sample certificate forms and instructions are available from the Secretary of State's web site at http://www.ss.ca.gov/business/corp/corp_npdissinfo.htm

2 OBTAIN TAX CLEARANCE CERTIFICATE FROM CALIFORNIA FRANCHISE TAX BOARD

You can get information and request a tax clearance certificate from the Franchise Tax Board web site at <http://www.ftb.ca.gov/forms/index.html>. You can also write the FTB or use the 24-hour automated service for callers with touch-tone telephones: (800) 338-0505 or (916) 845-6600.

MAILING ADDRESSES

California Attorney General's Office
Registry of Charitable Trusts
P.O. Box 903447
Sacramento, CA 94203-4470

California Secretary of State
Document Support Filing Unit
1500 11th Street, 3rd Floor
Sacramento, CA 95814

State Franchise Tax Board
9645 Butterfield Way
Sacramento, CA 95827

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OBTAIN DISSOLUTION WAIVER OF NOTICE FROM ATTORNEY GENERAL'S OFFICE BEFORE DISPOSING OF ANY REMAINING ASSETS

A nonprofit corporation holds assets in trust for the specific purposes and activities stated in the organization's articles of incorporation. Any transfer of remaining assets inconsistent with this may be subject to objections by the Attorney General. Your request for a dissolution waiver of notice should be mailed to the Attorney General's Registry of Charitable Trusts and must contain:

- A. LETTER SIGNED BY CORPORATION'S DIRECTOR OR ATTORNEY that details all individuals or groups who will be receiving remaining assets of the nonprofit corporation. If no assets remain for distribution, please state this fact in the letter.

For each intended recipient, your letter must provide:

- ◆ Recipient's Full Legal Name, Address, Telephone Number
- ◆ Itemized listing of assets you intend to give, by type and value
- ◆ Proposed asset distribution date
- ◆ Any restrictions on the use of the assets
- ◆ Recipient's Articles of Incorporation or trust instrument

- B. COPY OF YOUR CERTIFICATE OF ELECTION TO WIND-UP AND DISSOLVE and/or CERTIFICATE OF DISSOLUTION obtained from the Secretary of State.

- C. COPY OF YOUR CORPORATION'S FINANCIAL REPORTS FOR THE LAST THREE COMPLETED ACCOUNTING PERIODS. The reports would be IRS FORM 990, FORM 990-EZ or FORM 990-PF. Otherwise, you must file financial statements showing receipts and disbursements, and a balance sheet for the three most current accounting periods, as well as financial statements for the incomplete accounting period.

- D. COPY OF YOUR CORPORATION'S ARTICLES OF INCORPORATION

NOTE. The intended recipient of assets must::

- Have the same IRS exemption as stated in the dissolution clause of the dissolving corporation's Articles of Incorporation
- Have a similar charitable purpose as the dissolving corporation
- Be current with any financial reporting obligations to the Attorney General's Office

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SUBMIT FINAL NOTICE OF SUBMISSION TO THE SECRETARY OF STATE'S OFFICE

Mail a final dissolution packet to the Secretary of State's Document Filing Support Unit/Legal Review. This should contain the original and two copies of your: (a) Dissolution of Waiver Notice received from the Attorney General's Office; (b) FTB Tax Clearance certificate; and (c) Certificate of Dissolution.

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SUBMIT FINAL NOTICE OF SUBMISSION TO ATTORNEY GENERAL'S OFFICE

Mail a final dissolution packet to the Attorney General's Registry of Charitable Trusts. This should contain a copy of your: (a) Certificate of Dissolution endorsed (stamped) by the Secretary of State; and (b) final financial report for the corporation that would show all assets distributed properly, resulting in a zero balance.